

(b) the details of non-priority sector loan disbursement; and

(c) the reasons for disbursing more loan to non-priority sector than the priority sector?

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL):** (a) As reported by the Reserve Bank of India (RBI), the outstanding amount of loans to priority and non-priority sectors by the scheduled commercial banks as at the end of March, 2006 is as under:

	(Rs. in crores)
Priority Sector Advances	547394
Non-Priority Sector Advances	1003985

(b) and (c) The information is being collected and will be laid on the Table of the House.

#### **Increase in external debt payments**

**626. SHRI DARA SINGH:** Will the Minister of FINANCE be pleased to state:

(a) whether India's external debt payments are shooting up and continue to be among top ten debtor in the world despite country's higher build up in foreign exchange reserves during five years of previous Government's regime;

(b) whether it is a fact that required payments will double in the next five years to \$13.94 billion in 2010-11 from the current level \$7.4 billion in 2006-07;

(c) if so, the reasons for this rising trend during 2005-06 as compared to previous fiscal; and

(d) what remedial steps Government have taken in this regard?

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL):** (a) India's external debt service payments rose from US\$ 9.16 billion in 2004-05 to US\$ 18.97 billion in 2005-06. According to the World Bank's Global Development Finance, 2006, India's debt service ratio (proportion of total debt service payments to external current receipts) was 6 per cent in 2004 and ranked as the second lowest among the top ten debtor countries.

(b) As per the Status Report on India's External Debt (August 2006), the debt service payments are estimated to increase from US \$ 7.95 billion in 2006-07 to US \$ 13.94 billion in 2010-11 mainly as a result of the repayments due on commercial borrowings availed in 2004-05 and 2005-06.

(c) During 2005-06, the debt service payments were higher than in 2004-05, primarily due to the redemption payments of India Millennium Deposits to the extent of US \$ 7.1 billion.

(d) Prudent external debt management policies are pursued by the Government to maintain external debt within manageable limits. These include emphasis on raising funds on concessional terms and from less expensive sources with longer maturities, monitoring of short-term debt, prepaying high cost loans, rationalizing interest rates and NRI deposits, restricting end-use of external commercial borrowings, limiting trade credits and encouraging non-debt creating capital flows.

#### **Credit guidelines for SEZs**

627. SHRI S.M. LALJAN BASHA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact the RBI has advised the banking sector to treat credit for SEZs as the same category as real estate;

(b) if so, whether it is also a fact that RBI reversed this views within 15 days;

(c) what are the reasons for RBI following inconsistent policies;

(d) whether Government convinced the RBI to changed its views; and

(e) the details of the dialogue between Government and RBI on the credit guidelines for Special Economic Zones?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Keeping in view the current market conditions, Reserve Bank of India (RBI) has issued guidelines on banks' exposure to entities for setting up Special Economic Zones (SEZs)/ acquisition of units in SEZs on 20th September, 2006, directing all commercial banks that the exposure the banks to entities for setting up of SEZs or for acquisition of units in SEZs which includes real estate would be treated as exposure to commercial real estate sector with immediate